

Opportunities for the Reconstruction of Aceh and North Sumatra by AmCham Indonesia and the Private Sector

With the six month anniversary of the devastating earthquake and Tsunami that affected hundreds of thousands of lives throughout Asia, AmCham Indonesia has a unique opportunity to bring private sector resources to bear on critically identified needs that support the 216 international non-governmental institutions providing rehabilitation and reconstruction needs to the province of Aceh and North Sumatra, including the island of Nias.

Below are identified potential activities that might well suit the capabilities, interests and corporate interests of AmCham members. They are presented for consideration and discussion purposes. Each has a problem statement, progress (if any) to date, and potential areas that AmCham members can consider for support.

1. Aceh Community-Based Recovery Initiative

The Challenge. The December 26, 2004 earthquake and ensuing tsunami devastated much of coastal Aceh and caused enormous human suffering, prompting an unprecedented humanitarian response. As relief activities move to completion, affected communities, the Government of Indonesia, and the donor community must now address the challenges of long-term recovery. Meeting this challenge demands an effective partnership between local communities and private-sector contributors.

The Response. A key requirement in building effective partnerships is identifying and acting on local priorities. Currently working with more than 50 communities—representing a population of 32,000 persons, or 8 percent of the estimated affected population—USAID’s Community-Based Recovery (CBR) initiative facilitates participatory planning to identify local needs and provides grant funding to achieve clear results in the near term.

CBR places the community at the forefront of the recovery process. Local communities develop initiatives based on their own assessments of their own needs, manage the implementation of their plans and activities, and assess the impact of their actions. This local ownership ensures that CBR initiatives are designed appropriately and will achieve measurable, near-term improvement.

The result is a demand-driven program that assists communities to rehabilitate basic social and economic infrastructure—schools, clinics, markets, irrigation canals, and rice fields—building a foundation for sustainable recovery and development. CBR helps communities move from dependency on relief to self-reliance through viable and sustainable economic activity.

As a critical part of this process, CBR promotes partnership between communities and local government agencies. It also promotes the participation of women, youth, and other vulnerable groups in the decision-making and planning processes and ensures they have equal access to resources to develop their livelihoods.

The Strategy. To attain optimal impact, CBR selected clusters of two to five communities (roughly 575 families or 2,000 persons per cluster). This clustering approach builds a critical mass at the village level that can help shape governance performance and practices at the subdistrict level. Criteria used to select project villages include the extent of destruction of social and economic infrastructure, the size and composition of the current population, the opportunities for rehabilitating livelihoods, and the willingness of the community and local government agencies to participate and contribute. **Furthermore, this strategy effectively allows the private sector to “adopt” a cluster of communities.**

CBR facilitators—employed through a grant agreement with Syiah Kuala University in Banda Aceh and trained by CBR specialists—work with community and government leaders to identify and prioritize needs through a process that engages the entire community. Facilitators then work with leaders to design associated activities and prepare management and implementation plans. Acehnese men and women come together to plan their own recovery efforts. Participants in USAID’s CBR program clear debris from rice paddy and prepare for planting.

CBR awards grants directly to communities to implement priority activities established through the planning process and likely to produce quick, visible impact. At present, USAID resources fund all grant awards, but **the participatory planning process also identifies activities that could be funded by the private sector.** Communities also identify activities that they will implement without external assistance.

Finally, CBR facilitators assist communities to manage the implementation of grant-funded activities, using community-led monitoring systems to increase transparency and accountability to the whole village, thereby reducing opportunities for corruption and misallocation of funds.

The Results. Initiated in March, CBR has awarded more than \$1.62 million in grants to support recovery in participating communities. These funds support various activities, most of which aim to generate short-term employment in affected communities. More than 202,000 person-days of labor have been created, yielding \$810,000 in cash payments to workers and benefiting 18,000 persons.

Most villages chose as their first activity to clear debris from agricultural land. Knowing that planting a rice crop in May is critical, and that the subsequent harvest would provide food and income for the community, CBR moved quickly to fund the clearing of 2,500 hectares of rice paddy and 20 kilometers of adjoining irrigation canals.

Activities just completed in Blang Krueng village exemplify the impact of CBR funding. Like many coastal communities, Blang Krueng was all but destroyed by the tsunami. Despite having lost nearly a quarter of its population and all its infrastructure, Blang Krueng's remaining families gathered to make plans to clear their rice paddy of debris in time for planting. Working with CBR facilitators, the community developed a proposal that CBR approved immediately. As a result, 120 farmers cleared debris from 60 hectares of land and 1.2 kilometers of canal, gaining short-term employment and earning \$25,000 in wages—cash they can use to purchase seed, plow fields, and plant a rice crop. In this way, partner communities gain immediate benefit (cash wages) and prepare a foundation for future self-reliance.

Many partner communities, having lost nearly all public buildings, placed high priority on constructing simple meeting and office facilities. To date, CBR has provided funding for 16 meeting centers where community members can meet to discuss needs, prioritize projects, and prepare action plans. The centers also serve as information posts where people can go for advice and assistance in recovering lost documents such as government-issued identification cards, birth records, and marriage certificates.

The Future. CBR is operational, with proven systems and skilled personnel in place to facilitate quick recovery in partner communities. Opportunities exist for private-sector contributors to channel resources to current CBR partner communities and to expand the initiative to new areas quickly and efficiently. With additional resources, CBR can help communities recover their self-reliance through viable and sustainable economic activity.

2. Village mapping

Best estimates are that more than 500,000 Indonesians were affected by the tsunami. The BRR (reconstruction agency) has mandated that all villages must be the focal point for NGO assistance, and that village mapping is a requisite for the provision of the \$1.5 billion in NGO approved activities going forward. To date, Yayasan Inovasi Pemerintahan Daerah (YIPD) has completed land inventory and mapping in the eight sub-districts hardest hit, through working with the University of Syiah Kuala.

To complete the remaining 25 sub-districts by October 2005, it is estimated that a total of \$700,000 is needed. Financial support from AmCham Indonesia will enable approximately 700 villages to be prepared and approved for NGO reconstruction assistance in the near future.

3. Logistical Support

The physical inputs for reconstruction will require a steady supply of construction materials that can be transshipped, stored and delivered to the NGO communities providing construction assistance. This includes, wood, plasterboard, concrete, macadam, tools, consumables, etc., that require an "accountable" deposit and delivery of reconstruction materials. Traditionally, the international NGO community cannot manage this level of materials and/or logistics.

AmCham Indonesia has members that specialize in reconstruction materials and logistics that can provide a bevy reconstruction materials, transport and logistical support to ensure timely acquisition, storage and delivery of reconstruction materials to the NGO community.

4. Revitalizing Rice Cultivation

Salt water, sand and mud deposits have affected some 5,000 to 7,500ha of paddy land, affecting every non-urban community and most individual families within the Province. Future crop losses are estimated at Rp. 1,105 billion and more than 500,000 tons of unable to be husked rice. While rice recovery is slowly beginning, due in part to the rainy season, each farming village and all families are economically impacted by the loss of income and food, resulting in an estimated need for rice donations for an additional year.

The International Food Policy Research Institute (IFPRI), based in Washington with offices in four South East Asian countries, has developed saline resistant strains of rice which can be considered as a rapid replacement to the anticipated multi-year loss facing Aceh and North Sumatra rice growers. AmCham Indonesia can consider funding an analysis and subsequent reseeding by IFPRI that in turn would allow rice production to begin quickly as part of the reconstruction, impacting thousands of small scale farmers.

5. Fishing Recovery

Aceh and the Nias Island of North Sumatra Province, employed more than 90,000 fishermen, significantly and negatively affected by the Tsunami with more than 20% of the fishing population in 18 kabupatens completely destroyed. With the recent GOI approval to allow fishing communities to return to their shore line communities, NGOs, African Muslim nations, and some bilateral donors are providing hundreds of small scale fishing boats to restart an industry that most thought would take five years to recover.

AmCham Indonesia has a unique opportunity to quickly and effectively contribute to the recovery of what represented Rp. 1.5 trillion in annual production, employing most of the communities affected by the earthquake and Tsunami. Ideas include:

- a. Provision of Semi-outboard motors. It is estimated that more than 1,000, semi-outboard 40 HP motors are needed for the 1,000 boats being provided. These are estimated to be valued individually at US \$750 per motor.
- b. Provision of fishing nets ranging in size from 10 feet (\$120.00) to 12 feet (\$135.00) with 2,000 nets needed for the reconstruction effort.
- c. The provision of cold storage facilities (temporary and permanent). What fishing is being undertaken currently does not reach market or communities in need.
- d. For affected villages under 1,000 people, portable ice machines (individually priced at \$1,500) are needed. For communities of one thousand or more, semi-permanent ice machines (either portable, permanent structures or “semi-trailer”) with accompany diesel engines are needed.

For all fishing materials activities, a one year commitment for maintenance of machinery is required, followed by the respective village or community service organizations undertaking the responsibilities thereafter on a fee for service basis.

6. Additional examples of the types of projects and programs that would significantly benefit from private contributions:

- Provide post graduate education and exchanges to students and faculty at Universities in Aceh through the bi-national Fulbright commission (AMINEF) in a range of disciplines that support reconstruction
- Construction and equipping of teacher training center(s) in Aceh. Private sector support could provide for office equipment, computer networks, books and printed materials
- Improve communications by increasing access to telephones, radio stations, wind-up radios, editing studio, print media production
- Support the building of a province-wide network of internet and computer services and community focused-training to effectively use the services.
- Support for local government and community based initiatives through Yayasan Inovasi Pemerintahan Daerah (Center for Local Governance Innovation) including restoration of basic functional capacity of local authorities in targeted cities/towns; community-based Cash-for-Work schemes; and constructing water storage facilities
- Production of fishing boats to assist in replenishing the supply of boats that have been lost
- Support community-based methodology to improve the facilities of the fisheries vocational school in Banda Aceh
- Provision of IT hardware to bring Aceh government institutions up to global standards
- Support to local NGOs for carpentry experts to Aceh to help train men and women in the construction of school furniture
- Support to a local newspaper, whose office and printing press (located in Banda Aceh) were destroyed
- Desalination of rice fields. Thousands of square kilometers of rice fields need to be desalinized so that farmers can plan crops in the future

- Improved local government office technical assistance to farmers including private sector support to provide fertilizer, pesticides, and some agricultural equipment
- Establish a National Infectious Diseases Reference Laboratory at the National Institute of Health Research and Development in conjunction with Naval Medical Research Unit (NAMRU-2)
- Build the capacity to control malaria and other vector-borne infectious diseases in Aceh and Northern Sumatra in conjunction with NAMRU-2
- Support to a water purification plant that has become the largest single source of clean water to the internally displaced persons (IDP) camps in Banda Aceh
- Establish linkage between the Indonesian Boy and Girl Scouts and US counterpart organizations to support after community recreation activities to benefit school students. Provide summer “camp” program activities for communities affected by the tsunami
- Support the construction of multi-purpose playground-sport courts (basketball, volleyball, badminton) in impacted communities. Association with sports facilities, sports organizations, sporting equipment suppliers, and hardware suppliers would be encouraged
- Endow Chairs at Aceh universities in areas of greatest need including medicine, teaching, economics, development, and agriculture
- Support the construction of bridges and feeder roads
- Rebuild markets on the West Coast
- Develop a forest products lab to examine new techniques and products using native woods
- Create a paramedic corps potentially anchored with the medical school at Unsyiah
- Support the Aceh Heritage Society, affiliated with the Sumatra Heritage Society, the umbrella group of Sumatra preservation societies to renovate historic buildings
- Provide alternative building materials to timber for reconstruction efforts
- Donate kancils (small four-wheeled locally produced, clean public transport vehicles) to replace those lost by public transport drivers.
- Respond to community leader requests to rebuild mosques.

- Support soil testing to determine what alternative crops may be planted on partially salinated soil.
- Build ice plants along the coast necessary for the fishing industry
- Establish community rehabilitation centers for treatment of post-traumatic stress and related problems
- Build 30Km raw water pipe line for Aceh Besar
- Establish a new solid waste management disposal site in Banda Aceh
- Construct a dam for PDAM Banda Aceh and Aceh Besar
- Establish communal water supply and sanitation units for low income areas
- Build communal septic tanks to replace open-bottom “tanks” in high density residential areas
- Construct decentralized water treatment systems for hospitals, Puskesmas, dormitories, and market places
- University reconstruction efforts such as building dormitories, classrooms, and labs at UNSYIAH and Islamic IAIN Arrauiri Universities
- Construct electric power generating facilities
- Construct storm drainage system for Banda Aceh
- Replace street lighting in Banda Aceh
- Provide equipment to local universities or NGOs that facilitate communities in mapping and participatory planning efforts
- Establish Service Centers that provide storage space for building materials, construction tools and self-help construction information

7. Delivery of Basic Human Services: Concept for USAID-Private Sector Community Partnerships

USAID’s Basic Human Services (BHS) Programs are working to improve the health of local communities in Aceh by using an integrated approach that combines support for health, food, nutrition, and water services. The restoration of basic human service delivery at the local level is an essential component of long-term reconstruction in Aceh. Under Indonesia’s decentralization law, local governments are responsible for the delivery of basic services, such as health care, water and sanitation to their

communities. BHS's integrated program activities are designed to strengthen local government and private partner capacity to provide vulnerable populations with services that will improve the quality of life.

BHS programs offer the following advantages for private sector partners:

- 1 Opportunity Identification and Development based on participatory planning. BHS assistance responds to community needs, coordinates with other donor programs, and links to government planning to achieve maximum impact.
- 2 State of the Art Development Expertise. BHS programs provide the best expertise available for delivery of health, water and sanitation services and follow the highest standards of sustainable development, ensuring gender equity, social and environmental sustainability, and respect for human rights.
- 3 Monitoring and Evaluation. BHS programs facilitate participatory monitoring and evaluation of all field activities to ensure technical targets are achieved in a cost-effective manner and to build community capacity for long-term development.
- 4 Reporting. BHS programs provide regular progress reports, including photographs, video clips, press releases and technical reports via web sites, email lists and hardcopy distribution.

Transitional Community Pairs

BHS will develop highly visible model “community pairs” as an illustration of an optimal approach to the transition from recovery to permanent resettlement. This model will demonstrate how immediate health, environment and service delivery needs can be adequately addressed, while strategically laying the groundwork for permanent resettlement in an environmentally and socially sustainable manner.

In each model, a selected Temporary Location Center (TLC) will be paired with one or more prospective resettlement areas of residents to receive a concentrated, comprehensive BHS package including health, water supply/sanitation/hygiene, and related environmental management. Assistance will track the selected populations from their time in the TLC until they are permanently resettled, including the vulnerable transition period between the two. Each community would receive at least two years of dedicated assistance. Estimated cost: \$100,000 per community.

USAID's Basic Human Services Programs also provides an additional menu of options for private sector support in Aceh reconstruction. Examples of opportunities include:

Clean Water Supply

Dam repair. A dam restricting tidal seawater access close to the Banda Aceh municipal water system intake pipe was severely damaged by the earthquake and tsunami. Repair will result in a more sustainable water supply for Banda Aceh. Cost: \$25,000

Capacity-building for water utility staff. The earthquake and tsunami resulted in a significant loss of life of water utility staff in Aceh province. There is a need to provide intensive training in technical, managerial and financial issues to efficiently/effectively use existing and expanded facilities for service delivery. Training and capacity building targets for 300 technical and 200 non-technical staff positions cost \$800 per person for two-months training program.

Rehabilitation and expansion of Water Treatment Plants. Water treatment plants require repair and can be expanded to respond to increased demand for clean water. Estimated cost is \$600,000 for one large system, and \$300,000 each for two medium-sized systems.

Water quality improvement. Aceh province currently has no reliable water quality monitoring laboratories, equipment or capacity. It is recommended that up to 30 units of water quality monitoring systems be established at a cost of \$30,000 per unit.

Distribution network expansion. An estimated 250,000 people in Banda Aceh now rely on polluted ground water sources and cannot afford connection fees to the municipal network. Estimations: 250,000 people require around 50,000 house connections, normally in blocks of 500 connections. At \$150 per connection, one 500 unit block costs \$75,000. A total of \$7,500,000 is required to cover all required household connections.

Water source for Banda Aceh region. Banda Aceh region is currently using a spring as water source, but it is far, requires pumping and quality is deteriorating. An alternative source has been identified, but requires study on its feasibility (technical, financially, institutionally). Estimated cost for field study (foreign/local expert team): \$ 150,000

Non-piped Water Provision. An effective solution to rural, peri-urban and urban water supply for Aceh includes small-scale water distribution systems. Development of a system of registered vendors providing bulk water (by carts, trucks) at affordable prices should be put in place, to avoid people using contaminated, shallow, ground water sources, so that users will be able to pay for the operating cost. Estimated investment cost for block of 100 household: \$ 15,000 - \$ 25,000

Sanitation and Solid Waste:

Individual Septic Tanks. Since there is not centralized sewerage system in Aceh, all households rely on individual systems, but commonly these are not well constructed and cause contamination of the shallow groundwater. A number of them have also been damaged by earth quake. Septic tanks work well, but are only collecting the waste, not treating it. We suggest a program providing partial cash/partial credit to urban households to repair / improve their existing septic tank systems. Estimated total construction cost: per 100 improved septic tanks \$ 20,000. Grant portion 50% : \$ 10,000 per 100 improved septic tanks. Initial grant for revolving fund \$ 50,000 for provision of credit for 500 units.

Communal septic tanks. In densely populated areas, an alternative for individual septic tanks would be to promote communal septic tanks, where 50 – 100 household are connected to a small decentralized waste water system, which is providing complete treatment of the waste water. There is good experience in Indonesia where urban communities can operate them and since they need limited maintenance can easily afford their operating cost. Estimated cost for one standard unit (60 – 120 household): \$ 40,000

Decentralized Waste Water Systems for home industry, hospitals, schools. Small to medium sized industries, schools and hospitals produce significant amounts of waste water, and Aceh's lack of centralized waste water treatment system necessitates the development of individual, decentralized waste water treatment systems in order to avert pollution. Estimated cost per system: \$ 30,000

Centralized Sewerage system. Development of a centralized sewerage system for urban areas in Aceh would contribute significantly to health and hygiene and improved basic human services. Estimated cost: \$5,000,000.

Sludge collection and treatment. Sludge from septic tanks require good collection and treatment systems to avoid becoming a health hazard for the cities. This requires vacuum trucks, supporting operating costs and Sludge treatment plants. Estimated costs for medium system (10,000 households): trucks + treatment facility would cost: \$ 120,000.

Solid waste collection systems. Rural, peri-urban and urban communities across Aceh require effective solid waste collection and management systems. Examples in other areas of Indonesia have shown that community solid waste collection and separation systems can work well if properly introduced and with right hardware (simple collection and separation systems at community level). Estimated cost for typical community 60 – 120 household: \$ 15,000

Watershed Management

Community-based watershed management and rehabilitation. The earthquake and tsunami has led to increased pressure on Aceh's forests. Land is being cleared for new settlements and agricultural development. Trees are being cut-down for construction work. Long-term sustainable development of Aceh requires effective land stewardship and rehabilitation of damaged watersheds. Community nurseries and community-based land rehabilitation initiatives cost \$10,000 per 10 hectare package.

Farmer Field Schools for agricultural development. Rehabilitating damaged land and stimulating effective agricultural development can best be achieved through Farmer Field Schools. Working with rural communities in upper- and lower-watersheds, Farmer Field Schools build skills in agroforestry and agricultural development, and provide access markets. Farmer Field Schools involve 25 farmers for a three month training at a cost of \$5,000 per unit.

Rural water resource conservation initiatives. Rural communities require small-scale infrastructure and capacity building to conserve clean water sources and rural water supplies. This includes provision of collection tanks, construction of catch-dams and small reservoirs, and capacity building for operations and maintenance. Cost is \$5,000 per village.

Forest & land management development. Virtually all field offices for forest and conservation management were destroyed by the earthquake and tsunami. Re-building and fitting-out offices costs \$1,000,000.

Improving Health Service Delivery

Training essential health workers. The earthquake and tsunami resulted in a significant loss of life among health providers in Aceh province. For example, more than twenty percent of the midwives have died or are missing. Critical maternal and child health services have been disrupted throughout Aceh and are completely unavailable in some areas because of the lack of trained health providers, leading to higher maternal and infant mortality and greater burden of disease. BHS will work with medical schools, midwifery schools and community health worker training programs to rapidly scale-up capacity. Competency based training programs will be offered for 300 clinical and 200 outreach staff positions. Each participant will leave training with supplies and equipment to carry out their assignments in villages and towns throughout Aceh. Estimated total cost of training and follow up visits is \$400,000.

Health & hygiene communication campaigns. Communications campaigns and outreach programs that build awareness of available services, help local people to adopt healthy behaviors and support proper use of new hardware systems are critical to improving and sustaining the quality of life. BHS will implement a training of trainers program to build local capacity in public health outreach and communications and develop cost-effective materials. The three-month cost for an initial program is \$300,000.

Mobile clinics/satellite clinics. Many of the areas most affected by the tsunami are isolated and it will take years to re-build the health care delivery system. Mobile clinics and temporary satellite clinics are required to provide critical health (preventive and basic emergency care) and outreach services including prenatal care, family planning services, treatment for diarrheal disease, pneumonia, malaria and other infectious diseases, immunization, nutrition services, essential newborn care and health education. Estimated cost: \$80,000 pre mobile/satellite clinic for three months.

Renovating and equipping medical and midwifery schools. Several medical schools and midwifery schools were severely damaged in the tsunami. The incredible loss of health worker lives has placed a heavy burden on medical and midwifery schools to begin operations immediately to train new health personnel. BHS will work with other donors to assist in the renovation of classrooms, laboratories, clinical sites, and the purchase of computer and laboratory equipment and teaching materials to enable them to begin instruction as quickly as possible. Estimated cost: \$400,000 for one medical school and two midwifery schools.

Strengthening quality of care at the hospital and puskesmas levels. Standard protocols for the delivery of maternal and child health services and infection prevention control guidelines are not currently in place in most hospitals and puskesmas. BHS will assist the provincial/district health office to improve quality assurance and compliance with standards of care, including identifying requirements for essential medical equipment for maternal and child health services. Estimated cost: \$250,000 for technical assistance and purchase of essential equipment such as neo-natal resuscitators.

Emergency transport and communication systems. Access to emergency services has been seriously compromised in much of rural Aceh. BHS will support the purchase of radio transmitters and technical assistance to establish community-based transport, financing and blood supply cooperatives to enable remote villages to effectively mobilize for obstetric and acute care emergencies. Estimated cost: \$100,000.

Ensuring the availability of drugs and other health supplies. The earthquake and tsunami has disrupted the supply chain for family health commodities, leading to a lack of access to critical supplies in some areas and higher costs of some products throughout the province. BHS will assess the post-tsunami health care supply chain and provide technical assistance to improve procurement, forecasting, warehousing, and distribution of essential drugs and medical supplies, including assurance of cold chain capacity. Estimated cost: \$60,000

Strengthening health services management information systems. The tsunami severely damaged the provincial health information system, and in tsunami-affected areas, district, puskesmas and individual health records and record-keeping systems have been destroyed. BHS will conduct an assessment and provide technical assistance to rebuild the provincial health information system, improve record management at the puskesmas level and dissemination and use of the MOH's home-based health cards. Estimated cost: \$120,000 for technical assistance, computers and supplies.

Quality Education for the Future. USAID's Decentralized Basic Education (DBE) program focuses on improving local management and governance of education services, on improving the quality of teaching and learning in schools, and on providing opportunities for youth to gain relevant work and life skills for their future. USAID is expanding the DBE program to Aceh to address longer-term education sector needs in the province as part of the effort to not only restore education services, but to improve them for the next generation.

The DBE program provides technical assistance and training for local education officials, school committees, school principals, teachers, students, parents, and communities. Private sector funding can help expand the DBE program into additional districts and schools in Aceh.

Funding support in the amount of \$1 million would support the full multi-year package of DBE assistance activities for one "adopted" district, directly impacting 20 schools, 150 teachers, and 4,000 students.

Teacher Training at UNSYIAH. USAID will support the strengthening of the teacher training faculty at UNSYIAH, including the construction of a new facility for the university which provides a significant share of the teaching force in Aceh. Private sector funding can help equip this new facility through the provision of computer labs, vocational education equipment, furniture, and other school equipment.

8. USAID welcomes direct private sector contributions.

USAID has several authorities to accept gifts and donations either in-kind or as cash for carrying out its official functions. Such gifts may be exempt from gift taxes (26 USC Sec. 2522[a]) and may be a deductible contribution for income tax purposes (26 USC Sec. 170[c]). Private sector contributors should discuss with their tax advisors the valuation of contributions and the procedures to be followed in whether to claim any benefit under the statutes. Gifts to USAID fall into three broad categories:

A) Conditional gifts are gifts made for a specific purpose or with conditions on their use. Before accepting a conditional gift, the delegated official must ensure that all of the following criteria are met: (i) That USAID can comply with conditions of the gift and still use the gift in furtherance of the Foreign Assistance Act (FAA); (ii) That the Agency can comply with conditions of the gift in a reasonable and cost efficient manner; and; (iii) That acceptance of the gift will not result in, or create the appearance of, a conflict of interest.

B) Unconditional gifts are gifts made with no conditions on their use. Unconditional gifts may be used for any purpose authorized in the FAA. By accepting the gift, USAID makes a determination that the acceptance of the gift will not result in, or create the appearance of, a conflict of interest.

C) In-kind gifts are gifts of property or materials other than cash. In-kind gifts also require determinations as noted in paragraphs a. and b. above. The officials delegated to accept such gifts must value the gift at fair market value. While USAID can facilitate matching in-kind private sector donors with interested organizations, USAID is not at this time actively seeking or receiving in-kind gifts.

Potential types of USAID-supported mechanisms to facilitate private sector contributions.

Under the umbrella of the above regulations, USAID Jakarta has identified the following potential mechanisms for direct support to Aceh.

A) "Traditional alliances" may channel private sector support through USAID for discrete programs. Private sector partners and USAID will collaboratively identify ongoing projects to receive additional private contributions. These private contributions are donated to USAID which then disburses funds directly to implementing agencies. A Memorandum of Understanding (MOU) between USAID and the corporate partners is

signed. All projects will be implemented by USAID-vetted partners and will have clearly defined objectives and goals.

B) USAID can facilitate private sector contributions to implementing partners. USAID will help private entities identify activities and implementing partners whose programs and impact would be uniquely advantaged by funds from private sources and whose activities mesh well with the private donors' goals.

Private sector contributions can be made directly to usaid via the following steps:

A) Private partner and USAID draft and sign an MOU. An MOU describes the intentions of the alliance members to proceed with a given course of action. An MOU may be used to publicly formalize the commitment of partners to develop an alliance, or finalize and document the results of joint planning, in essence - codifying the undertakings of all parties to the alliance to achieve the stated objectives.

B) The corporate partner "donates" the gift to U.S. Agency for International Development in Washington by check or electronic funds transfer. Contributions to the USG by individuals and corporations are considered to be tax-deductible charitable contributions under Section 170 of the Internal Revenue Code. Checks should be sent to: USAID, RRB 7.08-146 M/FM/CAR. Attn: Cashier. 1300 Pennsylvania Ave., NW. Washington D.C. 20523-7700

C) USAID/Washington, Office of Financial Management's Accounting Division (M/FM/A) records the donation in the gifts and donation appropriation.

D) USAID/Washington, Office of Financial Management's Central Accounting and Reporting Division (M/FM/CAR) requests that OMB issue an apportionment to USAID for this amount and records that apportionment in the accounting system in a special fund account for Tsunami donations.

E) PPC issues allotment to ANE bureau. ANE bureau issues allowance to USAID/Indonesia.

F) In the case of a GDA Secretariat match, GDA issues corresponding allowance to USAID/Indonesia.

9. USAID/Indonesia Global Development Alliances, Aceh

Alliance for Vocational Education. (USAID \$5.0 million/Partner \$5.0 million)

Partner: Chevron

Purpose: On May 26, 2005, USAID and Chevron signed a Vocational Training Alliance (VTA) to provide quality, relevant vocational skills to young Acehnese men and women. The USAID-Chevron alliance is helping to build the foundation for long-term economic growth in the province.

a. Over the next six months, USAID and Chevron will send 350 young men and women for three-month training sessions at Chevron's vocational education facility in nearby Riau province. Training will focus on key skills for reconstruction (masonry, carpentry, welding, and road construction) as well as core job skills such as computers and accounting. The first group of 60 students will begin their training in July 2005.

b. In the longer-term, the USAID-Chevron alliance will support the establishment of a vocational training center in Aceh based on market needs in the province. A feasibility study to explore this opportunity will be conducted in August 2005.

Alliance for Disaster Relief. (USAID \$1.0 million/Partner \$1.0 million)

Partner: Mars Incorporated

Purpose: On May 6, 2005, USAID and Mars Incorporated signed an alliance to support disaster relief activities focusing on vulnerable families. The funds will support Save the Children's efforts to meet the basic emergency needs of approximately 200,000 persons through the provision of health services, water and sanitation, shelter and protection.

a. Through this alliance, Save the Children partnered with a local university to design prototypes of temporary shelters using locally available materials. These shelters will last approximately 6-12 months, allowing families time to accrue the necessary resources and materials to rebuild their homes.

b. The alliance will also increase access to safe water and appropriate sanitation facilities for approximately 60,000 affected individuals currently living in displacement camps or in host communities. Activities include the rehabilitation and/or installation of water sources, latrines and bathing/laundry facilities.

Partnership for Assisting Micro-Finance in Aceh Province. (USAID \$200,000/Partner \$200,000)

Partner: Microsoft Corporation

Purpose: In June 2005, USAID/Indonesia entered into a new partnership with Microsoft Corporation. A memorandum of understanding with Microsoft will provide financial contribution to USAID's Support for Peaceful Democratization (SPD) program. The Microsoft and USAID alliance will provide institutional building and micro-finance lending to an existing Islamic youth organization in Aceh which is reestablishing itself—and expanding its outreach to needy Acehnese.